Risk Factors Comparison 2023-09-26 to 2022-09-27 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Investing in our securities involves a degree of risk. Persons buying our securities should carefully consider the risks described below and the other information contained in this Annual Report on Form 10- K and other filings that we make from time to time with the SEC, including our consolidated financial statements and accompanying notes. If any of the following risks actually occurs, our business, financial condition, results of operations or cash flows could be materially adversely affected. In any such case, the trading price of our securities could decline and you could lose all or part of your investment. Risks Related to Macroeconomic and Industry Conditions We have experienced and continue to experience inflationary conditions with respect to the cost for food, ingredients, retail merchandise, transportation, distribution, labor and utilities, and we may not be able to increase prices or implement operational improvements sufficient to fully offset inflationary pressures on such costs, which may **have a material** ~~adversely~~ -- **adverse** ~~impact~~ **effect on** our ~~revenues and~~ results of operations. The strength of our revenues and results of operations are dependent upon, among other things, the price and availability of food, ingredients, retail merchandise, transportation, distribution, labor and utilities. In fiscal ~~2021~~ **2023** ~~and fiscal 2022~~ , **we faced** ~~the costs of commodities, labor, energy, fuel, transportation and other inputs necessary to operate our stores have significantly~~ -- **significant** ~~increased~~ **inflationary pressures** . Fluctuations in economic conditions, weather **, supply chain disruptions** , freight efficiency, demand and other factors also affect the availability, quality and cost of the ingredients and ~~products~~ **retail merchandise** that we buy ~~. Furthermore, many of the products that we use and their costs are interrelated~~ . Changes in global demand for corn, wheat and dairy products **have caused and** could **continue to** cause volatility in the feed costs for poultry and livestock **. Operating margins for our restaurants are subject to changes in the price and availability of food commodities, including beef, pork, chicken, dairy and produce** . The effect of, introduction of, or changes to tariffs or exchange rates on imported retail products or food products could increase our costs and possibly affect the supply of those products. Changes in demand for over- the- road transportation and distribution services could cause volatility, increase our costs and adversely affect our operating margins. In addition, **the prices** ~~food safety concerns, widespread outbreaks~~ of ~~livestock~~ **our retail merchandise are similarly impacted by economic** and ~~poultry diseases~~ **inflationary pressures** , **which have caused** and **may continue to cause higher costs and lower margins. Our attempts to offset cost pressures, such as through menu price increases and operational improvements, may not be successful. We seek to provide a moderately priced** product ~~recalls~~ , ~~all of~~ **and, as a result, we may not seek to or be able to pass along price increases to our customers sufficient to completely offset cost increases without adversely affecting our customers' demand. Consumers may be less willing to pay our menu prices and may increasingly visit lower- priced competitors, or may forgo some purchases altogether. The extent to** which **price increases** are ~~out of~~ **not sufficient to offset higher costs adequately** ~~our~~ - **or** ~~control~~ **in a timely manner** , and **/ or result in significant decreases in revenue volume** , **may have a material adverse effect on our revenues and results of operations. Labor is a primary component in our operating costs, and increases in labor costs due to increased minimum wages, competition, unemployment rates, or health care and other benefit costs may have a material adverse effect on our results of operations. We operate** in many ~~instances, unpredictable,~~ **states and localities where the minimum wage is significantly higher than the federal minimum wage. Our distributors and suppliers** could also ~~increase our~~ **be affected by higher minimum wage, benefit standards and compliance** costs **, which could result in higher costs for goods** and ~~possibly affect~~ **services supplied to us. The market for labor in** the ~~supply of livestock~~ **United States is competitive, which has resulted in upward pressure on wages** and ~~poultry products~~ **may continue to do so in the future** . Our operating margins are also affected, whether as a result of general inflation or otherwise, by fluctuations in the price of utilities such as natural gas and electricity, on which our locations depend for much of their energy supply. Our ~~inability~~ **failure** to anticipate and respond effectively to one or more adverse changes in any of these factors could have a ~~significant~~ **material** adverse effect on our results of operations. ~~We expect the inflationary~~ **Inflationary** pressures and other fluctuations impacting the cost of these items ~~to continue to~~ **could have a negative** impact **on** our business in ~~2023~~ **2024** ~~. Our attempts to offset cost pressures, such as through menu price increases and operational improvements, may not be successful. We seek to provide a moderately priced product, and, as a result, we may not seek to or be able to pass along price increases to our customers sufficient to completely offset cost increases. Consumers may be less willing to pay our menu prices and may increasingly visit lower- priced competitors, or may forgo some purchases altogether. To the extent that price increases are not sufficient to offset higher costs adequately or in a timely manner, and / or if they result in significant decreases in revenue volume, our revenues and results of operations may be adversely affected~~ . The COVID- 19 pandemic has had and may in the future have a material adverse effect on our business, financial condition, results of operations, and our ability to make distributions to our shareholders for an extended period of time. **The Department of** ~~In March 2020, the World~~ Health ~~Organization~~ **and Human Services** declared **the end of the** COVID- 19 ~~to be a pandemic~~ **public health emergency on May 11 2023** . **However, during 2023** ~~In connection with the efforts to contain and mitigate the spread of COVID- 19~~ , we ~~have~~ **continued to** ~~experienced~~ - **experience negative economic pressures related** ~~significant disruptions for the past two~~ - **to** ~~and one half years to our business resulting from the limitations on or full prohibitions of dine- in services (in the earlier stages of the pandemic) mandated or suggested by U. S. federal, state and local governmental authorities. Continuing uncertainty remains as to the potential impact of~~ the COVID- 19 pandemic ~~on the U. S. economy as a whole, as well as on the restaurant industry and our business, in particular. In response to the COVID- 19 pandemic, both our off- premise and dine- in operations have been conducted under enhanced health and safety procedures and practices that are intended to ensure the safety and comfort of our employees and guests, and these enhanced measures have had~~

~~and will continue to have adverse effects on our operating costs. During 2022, consumer demand decreased in part as a result of outbreaks of new variants of COVID- 19~~ . We cannot predict how quickly or whether consumer demand for our business will return to pre- pandemic levels **in 2024.Additionally,we cannot anticipate whether our suppliers will face economic challenges caused or exacerbated by the COVID- 19 pandemic,and as a result,we may face** shortages of food items or other supplies at our restaurants,and our operations and sales ~~could~~ **may** be adversely impacted by such supply interruptions ~~.Although we have not experienced material adverse impacts to date,additional or prolonged closures of meat processing facilities that have occurred because of COVID- 19 could adversely impact our supply chain and the products that we offer~~ .Similarly,many of the products sold in our retail operations are sourced from international suppliers,including from the People' s Republic of China,and have experienced,and will likely continue to experience,disruptions,temporary closures and worker shortages that may result in an inability to fulfill our orders timely or **,in some cases,at all** , which **could have** ~~may be a function of continued concerns over safety and~~ **an** ~~/ or depressed consumer sentiment as a result of~~ adverse ~~economic conditions~~ **impact on our retail sales** and **margins** ~~uncertainty, including job losses and lower discretionary income~~ . In addition, we also cannot predict whether future variants of COVID- 19 or outbreaks of other infectious disease will have similar effects on consumer demand. As a result of these factors, ~~the COVID- 19 pandemic, the resulting public health response and~~ diminished economic activity ~~have~~ **has** had and may continue to have a material adverse effect on our guest traffic, sales and operating costs, and we cannot predict the duration of the **ongoing** ~~pandemic or what other government responses or~~ economic **uncertainty** effects may occur. Our restaurant operations...... on Form 10- K actually occur . Risks Related to Our Business Health concerns, government regulation relating to the consumption of food products and widespread infectious diseases could affect consumer preferences and could ~~negatively~~ **have a material adverse** ~~affect~~ **effect on** our results of operations. In addition to the COVID- 19 pandemic, the United States and other countries have experienced, ~~or~~ **and** may experience in the future, outbreaks of other viruses, such as norovirus, the bird / avian flu or other diseases ~~. As we have experienced with the COVID- 19 pandemic, if a regional or global health pandemic occurs, depending upon its location, duration and severity, our business could be severely affected. In the event a health pandemic occurs, customers might avoid public places, and local, regional or national governments might limit or ban public gatherings to halt or delay the spread of disease. Jurisdictions in which we have restaurants may impose mandatory closures or impose restrictions on operations. If a virus is transmitted by human contact or respiratory transmission, our employees or guests could become infected, or could choose, or be advised, to avoid gathering in public places, any of which would adversely affect our restaurant guest traffic or perform functions at the corporate level. A regional or global health pandemic might also adversely affect our business by disrupting or delaying production and delivery of materials and products in our supply chain and by causing staffing shortages in our stores. The sale of food and prepared food products for human consumption involves the risk of injury to our customers. Such injuries may result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents, or residues introduced during the growing, storage, handling and transportation phases. Additionally, many of the food items on our menu contain beef and chicken. The preferences of our customers toward beef and chicken could be affected by changes in consumer health or dietary trends and preferences regarding meat consumption or health concerns and publicity concerning food quality, illness and injury generally~~ . In recent years there has been publicity concerning E. coli bacteria, hepatitis A, " mad cow " disease, " foot- and- mouth " disease, salmonella, African swine fever, peanut and other food allergens, and other public health concerns affecting the food supply, including beef, chicken, pork, dairy and eggs. **Food safety concerns, widespread outbreaks of livestock and poultry diseases, and product recalls, all of which are out of our control, and, in many instances, unpredictable, could also increase our costs and possibly affect the supply of livestock and poultry products. Additionally, we rely on our suppliers to comply with applicable laws and industry standards, and if our suppliers are unable to comply with such laws or do not otherwise meet our quality standards, we may face a disruption in our supply chain that could have a material adverse effect on our business. If we are unable to respond effectively, food safety concerns could have a negative impact on our business and our reputation. The sale of food and prepared food products for human consumption involves the risk of injury to our customers. Such injuries may result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents, or residues introduced during the growing, storage, handling and transportation phases. Additionally, many of the food items on our menu contain beef and chicken. The preferences of our customers toward beef and chicken could be affected by changes in consumer health or dietary trends and preferences regarding meat consumption or health concerns and publicity concerning food quality, illness and injury generally. Changes in consumer dietary preferences may impact our menu offerings. Further, consumers may change their dining- in preferences, such as during the COVID- 19 pandemic, when consumers often chose to order food to go or for delivery.** In addition, government regulations or the likelihood of government regulation could increase the costs of obtaining or preparing food products **. Failure to respond and adapt to changing consumer preferences could have a material adverse effect on our results of operation and financial condition** . A decrease in guest traffic to our stores, a change in our mix of products sold or an increase in costs as a result of these health concerns either in general or specific to our operations, could result in a decrease in sales or higher costs to our stores that would materially harm our business. Our plans depend significantly on our strategic priorities and business initiatives designed to enhance our menu and retail offerings, support our brand, improve operating margins and improve the efficiencies and effectiveness of our operations. Failure to achieve or sustain these plans could adversely affect our results of operations. We have had, and expect to continue to have, priorities and initiatives in various stages of testing, evaluation and implementation, upon which we expect to improve our results of operations and financial condition. These priorities and initiatives include, but are not limited to, tiered menu and retail pricing, evolving our marketing messaging to support the brand, improving the quality and breadth of retail assortments, evolving our menu, re- engineering store processes to reduce costs and improve store margins, applying technology to improve the employee and guest experience, expanding our store footprint, focusing on new and existing fast casual concepts, focusing on our off premise business and transactions such as strategic relationships, joint ventures and acquisitions. It is possible that our focus on these priorities and initiatives and constantly changing consumer preferences could cause unintended changes to our current results of operations. Additionally, many of these initiatives are inherently risky and uncertain in their application to our business in general, even when tested successfully on a more limited scale. It is possible that successful testing can result partially from resources and attention that cannot be duplicated in broader implementation. Testing and general implementation also can be affected by other risk factors described herein that reduce the results expected. Successful system- wide implementation across hundreds of stores and involving tens of thousands of employees relies on consistency of training, stability of workforce, ease of execution and the absence of offsetting factors that can adversely influence results. Failure to achieve successful implementation of our initiatives could adversely affect our results of operations. We face intense competition, and if we are unable to continue to compete effectively, our business, financial condition and results of operations ~~would~~ **may** be adversely affected. The restaurant and retail industries are intensely competitive, and we face many well- established competitors. We compete **with national and regional restaurant and retail chains and locally owned restaurants and retailers** within each market ~~with national and regional restaurant and retail chains and locally owned restaurants and retailers~~. Competition from other regional or national restaurant and retail chains typically ~~represents~~ - **represent** the more important competitive influence, principally because of their significant marketing and financial resources. We ~~also~~ face competition as a result of the convergence of grocery, deli, retail and restaurant services, particularly in the supermarket industry. We also face competition from various off- premise meal replacement offerings including, but not limited to, home meal kits delivery, third- party meal delivery and catering and the rapid growth of these channels by our competitors. Moreover, our competitors can harm our business even if they are not successful in their own operations by taking away customers or employees through aggressive and costly advertising, promotions or hiring practices. We compete primarily on the quality, variety and perceived value of menu and retail items. The number and location of stores, the growth of e- commerce, type of concept, quality and efficiency of service, attractiveness of facilities and effectiveness of advertising and marketing programs also are important factors. We anticipate that intense competition will continue with respect to all of these factors. We also compete with other restaurant chains and other retail businesses for quality site locations, management and hourly employees, and other competitive pressures that could affect both the availability and cost of these important resources. If we are unable to continue to compete effectively, our business, financial condition and results of operations would be adversely affected. Unfavorable publicity could harm our business. In addition, our failure to recognize, respond to and effectively manage the impact of social media could materially impact our business. Multi-unit businesses such as ours can be adversely affected by publicity resulting from complaints or litigation alleging poor food quality, poor service, **guest discrimination,** food- borne illness, viruses, product defects, personal injury, adverse health effects (including obesity) **, employee relations** or other concerns stemming from one or a limited number of our stores. Even when the allegations or complaints are not **accurate or** valid, unfavorable publicity relating to one or more of our stores, or only to a single store, could adversely affect public perception of the entire brand. Additionally, social media can be utilized to target specific companies or brands as a result of a variety of actual or perceived actions or inactions that are disfavored by our customers, local culture, employees, or interest groups, which can materially **and immediately** impact consumer behavior **. Social media allows users to organize collective actions and engage in other brand- damaging behaviors that, if targeted at us, could impact our business** . Adverse publicity and its effect on overall consumer perceptions of food safety or customer service could have a material adverse effect on our business, financial condition ~~.~~Failure to maximize or to successfully assert our intellectual property rights could adversely affect our business and results of operations.We rely on trademark,unfair competition,trade secret and copyright laws to protect our intellectual property rights.We have registered certain trademarks and service marks with appropriate governmental authorities.We cannot guarantee that these intellectual property rights will be maximized or that they can be successfully asserted.There is a risk that we will not be able to obtain and perfect our own,or,where appropriate,license intellectual property rights necessary to support new product introductions or other brand extensions.We cannot be sure that these rights,if obtained,will not be invalidated,circumvented or challenged in the future. **Our failure to protect or successfully assert** ~~Additionally,we cannot guarantee that third parties will not claim~~ our ~~trademarks or menu offerings will infringe on their~~ intellectual property rights ~~,regardless~~ **could make us less competitive and could have an adverse effect on our business and results** of ~~merit~~ **operations** . ~~Our~~ and results of operations. Risks Related to our Capital Structure The performance of our business as affected by the level of our indebtedness could prevent us from meeting the obligations under our revolving credit facility or the indenture governing the $ 300 million aggregate principal amount of 0. 625 % Convertible Senior Notes due 2026 (the " Notes "), maintaining sufficient liquidity to operate our business or service our debt obligations, and we cannot provide any guarantee of future cash dividend payments or that we will be able to actively repurchase our common stock pursuant to a share repurchase program. Our consolidated indebtedness and restrictions in our revolving credit facility may have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing borrowing costs. Given the significant uncertainty relating to the macroeconomic environment, there are potential scenarios under which we could fail to comply with these covenants, which would result in an event of default that, if not waived, could have a material adverse effect on our financial condition, results of operations or ability to continue to service our debt obligations. A default under our credit agreement or under the indenture governing the Notes may also significantly affect our ability to obtain additional or alternative financing. For example, the lenders' ongoing obligation to extend credit under the revolving credit facility is dependent upon our compliance with these covenants and restrictions. Our ability to make scheduled interest payments or to refinance our obligations with respect to indebtedness will depend on our operating and financial performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control. Our inability to refinance our indebtedness when necessary or to do so upon attractive terms ~~would~~ **may have a** ~~materially~~ -- **material** ~~and adversely~~ -- **adverse** ~~affect~~ **effect on** our liquidity and results of operations. Depending on the impact of macroeconomic environment, we may seek other sources of liquidity and other ways of preserving liquidity. No assurance can be made that sources of additional liquidity will be readily available or that we will be successful in obtaining additional liquidity or preserving liquidity. Further, no assurance can be made that sources of additional liquidity will be available on terms that are favorable to us. Any determination to pay cash dividends on our common stock in the future will be based primarily upon our financial condition, ~~and~~ prospects, results of operations ~~,~~ **and** business requirements and our Board of Directors' conclusion that the declaration of cash dividends is in the best interest of our shareholders and is in compliance with all laws and agreements applicable to the payment of dividends. Furthermore, there can be no assurance that we will be able to actively repurchase our common stock, and we may discontinue plans to repurchase common stock at any time. We may be unable to raise the funds necessary to repurchase the Notes for cash following a fundamental change, or to pay the cash amounts due upon conversion, and our other indebtedness may limit our ability to repurchase the Notes or pay cash upon their conversion. Noteholders may require us to repurchase their Notes following a fundamental change at a cash repurchase price generally equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any. In addition, all conversions of Notes will be settled partially or entirely in cash. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the Notes or pay the cash amounts due upon conversion. In addition, applicable law, regulatory authorities and the agreements governing our other indebtedness may restrict our ability to repurchase the Notes or pay the cash amounts due upon conversion. Our failure to repurchase Notes or to pay the cash amounts due upon conversion when required will constitute a default under the indenture governing the Notes. A default under the indenture governing the Notes or the fundamental change itself could also lead to a default under agreements governing our other indebtedness, which may result in that other indebtedness becoming immediately payable in full. We may not have or be able to secure financing for sufficient funds to satisfy all amounts due under the other indebtedness and the Notes. Provisions in the indenture governing the Notes could delay or discourage a takeover of us. Certain provisions in the Notes and the indenture governing the Notes could make a third party attempt to acquire us more difficult or expensive. For example, if a takeover constitutes a fundamental change, then noteholders will have the right to require us to repurchase their Notes for cash. In addition, if a takeover constitutes a make- whole fundamental change, then we may be required to temporarily increase the conversion rate for the Notes. In either case, and in other cases, our obligations under the Notes and the indenture governing the Notes could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that noteholders or holders of our common stock may view as favorable. The convertible note hedge and warrant transactions may affect the value of the notes and our common stock. In connection with the issuance of the Notes, we entered into convertible note hedge transactions with the hedge counterparties. The convertible note hedge transactions cover, subject to customary anti- dilution adjustments, the number of shares of common stock that initially underlie the Notes. We also entered into warrant transactions with the hedge counterparties collectively relating to the same number of shares of our common stock, subject to customary anti- dilution adjustments, and for which we received premiums to partially offset the cost of entering into the hedge transactions. The convertible note hedge transactions are expected generally to reduce or offset potential dilution to our common stock upon any conversion of the Notes and / or offset any cash payments we may be required to make in excess of the principal amount of converted Notes, as the case may be. However, the warrant transactions could separately have a dilutive effect to the extent that the market value per share of our common stock exceeds the strike price of the warrants. In connection with establishing and maintaining their initial hedges of the convertible note hedge and warrant transactions, we understand that the hedge counterparties or their respective affiliates may modify their hedge positions with respect to the convertible note hedge transactions and the warrant transactions from time to time by purchasing or selling shares of our common stock or the Notes in privately negotiated transactions or open- market transactions or by entering into or unwinding various over- the- counter derivative transactions with respect to our common stock. The effect, if any, of these activities on the trading price of our common stock will depend on a variety of factors, including market conditions, and is uncertain at this time. Any of these activities could, however, adversely affect the trading price of our common stock. We are subject to counterparty risk with respect to the convertible note hedge transactions. The hedge counterparties are financial institutions, and we are subject to the risk that one or more of the hedge counterparties might default under their respective convertible note hedge transactions. Our exposure to the credit risk of the hedge counterparties is not secured by any collateral. Global economic conditions have from time to time resulted in the actual or perceived failure or financial difficulties of many financial institutions. If a hedge counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under our transactions with such hedge counterparty. Our exposure will depend on many factors, but, generally, the increase in our exposure will be correlated to the increase in the market price and in the volatility of our common stock. In addition, upon a default by any hedge counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of any of the hedge counterparties. Conversion of the Notes or exercise of the warrants evidenced by the warrant transactions may dilute the ownership interest of existing ~~stockholders~~ **shareholders** , including noteholders who have previously converted their Notes. At our election, if applicable, we may settle Notes tendered for conversion partly in shares of our common stock. Furthermore, the warrants evidenced by the warrant transactions are expected to be settled on a net- share basis. As a result, the conversion of some or all of the Notes or the exercise of some or all of such warrants may dilute the ownership interests of existing ~~stockholders~~ **shareholders** . Any sales in the public market of the shares of our common stock issuable upon such conversion of the Notes or such exercise of the warrants could adversely affect prevailing market prices of our common stock. In addition, the existence of the Notes may encourage short selling by market participants because the conversion of the Notes could depress the price of our common stock. Risks Related to ~~Labor and~~ Supply Chains Our reliance on certain significant vendors, particularly for foreign- sourced retail products, subjects us to numerous risks, including possible interruptions in supply, which could adversely affect our business. Our ability to maintain consistent quality throughout our operations depends in part upon our ability to acquire specified food and retail products and supplies in sufficient quantities. Partly because of our size, finding qualified vendors and accessing food, retail products, supplies and certain outsourced services in a timely and efficient manner is a significant challenge that typically is more difficult with respect to goods or services sourced outside the United States. In some cases, we may have only one supplier for a product or service. Our dependence on single- source suppliers subjects us to the possible risks of shortages, interruptions and price fluctuations, and possible litigation when we change vendors because of performance issues. Global economic factors and the weak economic recovery continue to put significant pressure on suppliers, with some suppliers facing financial distress and others attempting to rebuild profitability, all of which tends to make the supply environment more expensive. If any of these vendors is unable to fulfill its obligations, or if we are unable to find replacement suppliers in the event of a supply disruption, we could encounter supply shortages and / or incur higher costs to secure adequate supplies, either of which could materially harm our business. Additionally, we use a number of products that are or may be manufactured in a number of foreign countries. In addition to the risk presented by the possible long lead times to source these products, our results of operations may be materially affected by risks such as: • tariffs, trade barriers, sanctions, import limitations and other trade restrictions by the U. S. government on products or components shipped from foreign sources (particularly, the People' s Republic of China); • fluctuating currency exchange rates or control regulations; • foreign government regulations; • product testing regulations; • foreign political and economic instability; and • disruptions due to labor stoppages, strikes or slowdowns, or other disruptions, involving our vendors or the transportation and handling industries. Possible shortages or interruptions in the supply of food items, retail merchandise and other supplies to our stores caused by inclement weather, natural disasters such as droughts, floods and earthquakes, the inability of our vendors to obtain credit in a tightened credit market or other conditions beyond our control could adversely affect the availability, quality and cost of the items we buy and the operations of our stores. Our inability to effectively manage supply chain risk could increase our costs and limit the availability of products that are critical to our store operations. If we temporarily close a store or remove popular items from a store' s menu or retail product assortment, that store may experience a significant reduction in revenue during the time affected by the shortage or thereafter as a result of our customers changing their dining and shopping habits. We are dependent upon attracting and retaining...... prices, our profitability may decline. Our ability to manage our retail inventory levels and changes in merchandise mix may adversely affect our business. The long lead times required for a substantial portion of our retail merchandise and the risk of product damages or non- compliance with required specifications could affect the amount of inventory we have available for sale. Additionally, our success depends on our ability to anticipate and respond in a timely manner to changing consumer demand and preferences for merchandise. If we misjudge the market, we may overstock unpopular products and be forced to take significant markdowns, which could reduce our gross margin. Conversely, if we underestimate demand for our merchandise we may experience inventory shortages resulting in lost revenues. **Inventory shrinkage may also result in lost revenues.** Any of these factors could have an adverse effect on our results of operations, cash flows from operations and our financial condition. Our risks are heightened because of our single retail distribution facility and our potential inability or failure to execute on a comprehensive business continuity plan following a major disaster at or near our corporate facility could adversely affect our business. The majority of our retail inventory is shipped into, stored at and shipped out of a single warehouse located in Lebanon, Tennessee. All of the decorative fixtures used in our stores are shipped into, stored at and shipped out of a separate warehouse that is also located in Lebanon, Tennessee. A natural disaster or public health crisis (such as the COVID- 19 pandemic) affecting either of these warehouses or their personnel and operations could materially adversely affect our business. Additionally, our corporate systems and processes and support for our restaurant and retail operations are centralized on one campus in Tennessee. We have disaster recovery procedures and business continuity plans in place to address most events, back up and offsite locations for recovery of electronic and other forms of data and information. However, if we are unable to implement our disaster recovery and business continuity plans, we may experience delays in recovery of data, failure to support field operations, tardiness in required reporting and compliance and the inability to perform vital corporate functions which could adversely affect our business. Risks Related to IT Systems, Cybersecurity and Data Privacy A material disruption in our information technology, network infrastructure and telecommunication systems could **have a material** ~~adversely~~ -- **adverse** ~~affect~~ **effect on** our business and results of operations. We rely extensively on our information technology across our operations, including, but not limited to, point of sales processing, supply chain management, retail merchandise allocation and distribution, labor productivity and expense management Our business depends significantly on the reliability, security and capacity of our information technology systems to process these transactions, summarize results, manage and report on our business and our supply chain. Our information technology systems are subject to damage or interruption from power outages, computer, network, cable system, internet and telecommunications failures, computer viruses, security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors by our employees. If our information technology and telecommunication systems are damaged or cease to function properly, we may have to make a significant investment to repair or replace them, and we could suffer loss of critical data and interruptions or delays in our operations in the interim. **In addition, from time to time, our systems may become obsolete or require attention and could result in interruptions in our services and non- compliance with certain laws or regulations.** Any material interruption in our information technology and telecommunication systems could **have a material** ~~adversely~~ -- **adverse** ~~affect~~ **effect on** our business or results of operations. In addition, some of these essential technology- based business systems are outsourced to third parties. While we make efforts to ensure that our outsourced providers are observing proper standards and controls, we cannot guarantee that breaches, disruptions or failures caused by these providers will not occur. A privacy breach could adversely affect our business. The protection of customer, employee and company data is critical to us. We are subject to laws relating to information security, privacy, cashless payments, consumer credit, and fraud. Additionally, an increasing number of government and industry groups have established laws and standards for the protection of personal and health information. As a merchant and service provider of point- of- sale services, we are also subject to the Payment Card Industry Data Security Standard issued by the Payment Card Industry Council. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements, including the ~~recently enacted~~ California Consumer Privacy Act ~~(" CCPA ")~~ **, which became effective on January 1, 2020** . Compliance with these requirements may result in cost increases due to necessary system changes and the development of new administrative processes. In addition, customers and employees have a high expectation that we will adequately protect their personal information. For example, in connection with credit and debit card sales, we transmit confidential card information. Third parties may have the technology or know- how to breach the security of this customer information, and our security measures and those of our technology vendors may not effectively prevent others from obtaining improper access to this information. If we fail to comply with the laws and regulations regarding privacy and security or experience a security breach, we could be exposed to risks of data loss, regulatory investigations and / or penalties, a loss of the ability to process credit and debit card payments, substantial inconvenience or harm to our guests, litigation and serious disruption of our operations. Additionally, any resulting negative publicity could significantly harm our reputation and damage our relations with our guests. As privacy and information security laws, regulations and practices change and cyber risks continue to evolve, we may incur additional costs to ensure we remain in compliance and protect guest, employee and Company information. Failure to maximize or to successfully assert...... our business and results of operations. We outsource certain business processes to third- party vendors that subject us to risks, including disruptions in business and increased costs; our use of third- party technologies has increased and if we are unable to maintain our rights to these technologies our business may be harmed. Some of our business processes are currently outsourced to third parties. Such processes include distribution of food and retail products to our store locations and customers, credit and debit card authorization and processing, gift card tracking and authorization, employee payroll card services, health care and workers' compensation insurance claims processing, wage and related tax credit documentation and approval, guest satisfaction survey programs, employee engagement surveys and externally hosted business software applications. We cannot ensure that all providers of outsourced services are observing proper internal control practices, such as redundant processing facilities, and there are no guarantees that failures will not occur. Failure of third parties to provide adequate services could have an adverse effect on our financial condition and results of operations. We maintain relationships with various third- party delivery apps and services such as DoorDash ® and Uber Eats. Our sales may be negatively affected if these platforms are damaged or interrupted through technological failures or otherwise. The drivers fulfilling third- party delivery orders may make errors or fail to make timely deliveries such that our food or brands are poorly represented. This could cause reputational harm or adversely impact sales and customer satisfaction. Our sales through these services may also depend on the availability of delivery drivers, who are generally independent contractors. We **use third parties to authorize and process credit and debit card payments, which requires the collection and retention of customer data, including sensitive financial data and other personally identifiable information. Such personal information is maintained by third parties who provide payment processing services. A weakness in such third party' s systems or software products (or in the systems or software products in the service providers of those third parties) may lead to a data breach or pose cybersecurity risks. If we, or one of our third party service providers experience a cyber attack or security data breach, our results of operations and brand may suffer. Additionally, we may have to make a significant investment to remedy or replace such systems. We** rely on certain technology licensed from third parties and may be required to license additional technology in the future for use in managing our internet sites and providing services to our guests and employees. These third- party technology licenses may not continue to be available to us on acceptable terms or at all. The inability to enter into and maintain these technology licenses could adversely affect our business. Legal and Regulatory Risks We are subject to a number of risks relating to federal, state and local regulation of our business, including the areas of minimum wage increases, health care reform and environmental matters, and an insufficient or ineffective response to government regulation may increase our costs and decrease our profit margins. The restaurant industry is subject to extensive federal, state and local laws and regulations, including those relating to food safety, minimum wage and other labor issues (such as unionization), health care **, animal health and welfare** , menu labeling and building and zoning requirements and those relating to the preparation and sale of food and alcoholic beverages as well as certain retail products. The development and operation of our stores depend to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. We are also subject to licensing and regulation by state and local authorities relating to health, sanitation, safety and fire standards and the sale of alcoholic beverages, federal and state laws governing our relationships with employees (including the Fair Labor Standards Act of 1938, the Immigration Reform and Control Act of 1986, the Patient Protection and Affordable Care Act, the Health Care and Education Reconciliation Act of 2010 and applicable requirements concerning minimum wage, overtime, healthcare coverage, family leave, medical privacy, tip credits, working conditions, safety standards and immigration status), and federal and state laws which prohibit discrimination and other laws regulating the design and operation of facilities, such as the Americans With Disabilities Act of 1990. In addition, we are subject to a variety of federal, state and local laws and regulations relating to the use, storage, discharge, emission and disposal of hazardous materials. We also face risks from new and changing laws and regulations relating to gift cards, nutritional content, nutritional labeling, product safety and menu labeling. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings. Increases in state or federal minimum wage rates, including recent proposals to increase state or federal minimum wage rates and index future increases to inflation, or other changes in these laws could increase our labor costs. Our ability to respond to minimum wage increases by increasing menu prices will depend on the responses of our competitors and customers. Our distributors and suppliers also may be affected by higher minimum wage and benefit standards and tracking costs, which could result in higher costs for goods and services supplied to us. ~~The Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010 required restaurant companies~~

~~such as ours to disclose calorie and nutritional information on their menus effective as of May 2018. We cannot fully predict the long- term changes, if any, in guest behavior that could result from implementation of this provision, which may have an adverse effect on our sales or results of operations.~~ There also has been increasing focus by U. S. and foreign governmental authorities on environmental matters, such as climate change, the reduction of greenhouse gases and water consumption. This increased focus may lead to new initiatives directed at regulating an as yet unspecified array of environmental matters. Legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in taxes, the cost of raw materials, transportation and utilities, which could decrease our operating profits and necessitate future investments in facilities and equipment. The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations could increase our compliance and other costs of doing business and therefore have an adverse effect on our results of operations. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings. Also, the failure to obtain and maintain required licenses, permits and approvals could **have a material** ~~adversely~~ -- **adverse** ~~affect~~ **effect on** our ~~operating~~ results **of operations** . Typically, licenses must be renewed annually and may be revoked, suspended or denied renewal for cause at any time if governmental authorities determine that our conduct violates applicable regulations, which could **have a material** ~~adversely~~ -- **adverse** ~~affect~~ **effect on** our business and results of operations. Our advertising is heavily dependent on billboards, which are highly regulated, and our evolving marketing strategy involves increased advertising and marketing costs that could adversely affect our results of operations. Historically, we have relied upon billboards as our principal method of advertising. A number of states in which we operate restrict highway signage and billboards. Because many of our stores are located on the interstate highway system, our business is highly related to highway travel. Thus, signage or billboard restrictions or loss of existing signage or billboards could adversely affect our visibility and ability to attract customers. Additionally, as we continue to evolve our marketing strategy, we are increasingly utilizing more traditional and higher cost methods of advertising, such as national cable television, radio and online and digital media. These types of advertising, their effects upon our revenues and, in turn, our profits, are uncertain. Additionally, if our competitors increased their spending on advertising and promotions, we could be forced to substantially increase our advertising, media or marketing expenses. If we did so or if our current advertising and promotion programs become less effective, we could experience a material adverse effect on our results of operations. Litigation may adversely affect our business, financial condition and results of operations. Our business is subject to the risk of litigation by employees, guests, suppliers, shareholders, governmental agencies, competitors or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. These actions and proceedings may involve allegations of illegal, unfair or inconsistent employment practices, including wage and hour violations and employment discrimination; guest discrimination; food safety issues, including poor food quality, food- borne illness, food tampering, food contamination, and adverse health effects from consumption of various food products or high- calorie foods (including obesity); other personal injury, including claims related to COVID- 19; violation of " dram shop " laws; trademark and patent infringement; violation of the federal securities laws; or other concerns. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend future litigation may be significant. There may also be adverse publicity associated with litigation that could decrease guest or consumer acceptance of our brand, regardless of whether the allegations are valid or we ultimately are found liable. Litigation could adversely impact our operations and our ability to expand our brand in other ways **, such** as ~~well~~ **by diverting management' s attention away from operations** . As a result, litigation may adversely affect our business, financial condition and results of operations. Our business could be negatively affected as a result of actions of activist shareholders. ~~The Lion Fund II, L. P., Biglari Capital Corp., First Guard Insurance Company, Southern Pioneer Property and Casualty Insurance Company, Biglari Holdings Inc~~ - **In** ~~. and SPP & C Holding Co., Inc., are affiliates of Sardar Biglari (" Biglari "), and are~~ the **past** ~~beneficial owners of approximately 9. 0 % of our outstanding common stock as of August 18~~ , **activist shareholders have nominated** ~~2022. We recently received notice from Biglari nominating two~~ candidates for election to our ~~board~~ **Board** of ~~directors~~ **Directors** at our ~~2022~~ annual ~~meeting~~ **meetings** of shareholders **, resulting in proxy contests, and called publicly for special meetings of shareholders to consider other proposals relating to corporate policies of the Company, including on matters such as our dividend policy, capital structure and strategic alternatives** . If ~~a proxy contest ensues, or if~~ we become engaged in a proxy contest **or other public engagement** with ~~another~~ **an** activist shareholder in the future, our business could be adversely affected because: • responding to public proposals **and director nominations** , special meeting requests and other actions by activist shareholders can disrupt our operations, be costly and time- consuming, and divert the attention of our management and employees; • perceived uncertainties as to our future direction may result in the loss of potential business opportunities, and may make it more difficult to attract and retain qualified personnel and business partners; • claims made by activist shareholders in connection with a proxy contest or otherwise may harm our reputation, damage our relations with customers, employees and business relations such as suppliers, or otherwise impair our business; and • pursuit of an activist shareholder' s agenda may adversely affect our ability to effectively implement our business strategy and create additional value for our shareholders. Provisions in our charter, Tennessee law and our shareholder rights plan may discourage potential acquirers of the Company. Our charter documents contain provisions that may have the effect of making it more difficult for a third party to acquire or attempt to acquire control of the Company. In addition, we are subject to certain provisions of Tennessee law that limit, in some cases, our ability to engage in certain business combinations with significant shareholders. In addition, we have adopted a shareholder rights plan, which provides, among other things, that when specified events occur, our shareholders will be entitled to purchase from us shares of junior preferred stock. The shareholder rights plan will expire on April 9, 2024. The preferred stock purchase rights are triggered ten days after the date of a public announcement that a person or group acting in concert has acquired, or obtained the right to acquire, beneficial ownership of 20 % or more of our outstanding common stock. The preferred stock purchase rights would cause dilution to a person or group that attempts to acquire the Company on terms that do not satisfy the requirements of a qualifying offer under the shareholder rights plan or are otherwise not approved by our Board of Directors. These provisions, either alone or in combination with each other, give our current directors and executive officers a substantial ability to influence the outcome of a proposed acquisition of the Company. These provisions would apply even if an acquisition or other significant corporate transaction was considered beneficial by some of our shareholders. If a change in control or change in management is delayed or prevented by these provisions, the market price of our securities could decline. Risks Related to Our Business Strategy **The loss** of key executives or difficulties in recruiting and retaining qualified personnel could jeopardize our future growth and success.We have assembled a senior management team which has substantial background and experience in the restaurant and retail industries.Our future growth and success depend substantially on the contributions and abilities of our senior management and other key personnel,and we design our compensation programs to attract and retain key personnel and facilitate our ability to develop effective succession plans.If we fail to attract or retain senior management or other key personnel,our succession planning and operations could be materially and adversely affected.We must continue to recruit,retain and motivate management and other employees sufficiently to maintain our current business and support our projected growth.A loss of key employees or a significant shortage of high-quality store employees could jeopardize our ability to meet our business goals.We have experienced and may continue to experience challenges in recruiting and retaining team members in various locations. **Strategic investments** ~~Additionally,Julie Felss Masino began serving as Chief Executive Officer- Elect on August 7,2023 and will begin serving as Chief Executive Officer on November 1,2023,replacing Sandra B.Cochran,who will thenceforth serve as Executive Chair of the Board of Directors through her retirement as of September 30,2024 (~~ or **initiatives** ~~such earlier date~~ that the ~~Board of Directors of the~~ Company may ~~determine upon 30 days' prior written notice to Ms.Cochran).Such transition in our executive management team may divert the attention of management or otherwise be disruptive to our business.We may~~ pursue ~~strategic investments or initiatives~~ now or in the future, ~~which~~ may not yield their expected benefits,resulting in a loss of some or all of ~~our~~ **the Company' s** investment. ~~We~~ **The Company** may,from time to time,evaluate and pursue other opportunities for growth,including through strategic investments,joint ventures,other acquisitions,and other **Company** initiatives,such as our recent rollout of a limited selection of beer and wine in certain locations ~~and our new customer loyalty program~~ .These initiatives involve various inherent risks,including,without limitation,general business risk,integration and synergy risk,market acceptance risk and risks associated with the potential distraction of management. ~~It may be difficult to predict the success of any endeavor,and such~~ **Such** transactions and initiatives may not ultimately create value for us or our ~~shareholders~~ **stockholders** and may harm our reputation and materially adversely affect our business,financial condition and results of operations ~~.Additionally,failure to maximize or successfully execute our customer loyalty program could adversely impact growth~~ .Individual store locations are affected by local conditions that could change and adversely affect the carrying value of those locations.The success of our business depends on the success of individual locations,which in turn depends on stability of or improvements in operating conditions at and around those locations.Our revenues and expenses can be affected significantly by the number and timing of the opening of new stores and the closing,relocating and remodeling of existing stores.We incur substantial pre- opening expenses each time we open a new store and other expenses when we close,relocate or remodel existing stores.The expenses of opening,closing, **relocating or remodeling any of our stores may be higher than anticipated.An increase in such expenses could have an adverse effect on our results of operations.Also,as demographic and economic patterns (e.g.,highway or roadway traffic patterns,concentrations of general retail or hotel activity,local population densities or increased competition) change,current locations may not continue to be attractive or profitable.Possible declines in neighborhoods where our stores are located or adverse economic conditions in areas surrounding those neighborhoods could result in reduced revenues in those locations.The occurrence of one or more of these events could have a material adverse effect on our revenues and results of operations as well as the carrying value of our individual locations.** If we fail to execute our business strategy, which includes our ability to find new store locations and open new stores that are profitable, our business could suffer. One of the means of achieving our growth objectives is opening and operating new and profitable stores. This strategy involves numerous risks, and we may not be able to open all of our planned new stores and the new stores that we open may not be profitable or as profitable as our existing stores. A significant risk in executing our business strategy is locating, securing and profitably operating an adequate supply of suitable new store sites. Competition for suitable store sites and operating personnel in our target markets is intense, and there can be no assurance that we will be able to find sufficient suitable locations, or negotiate suitable purchase or lease terms, for our planned expansion in any future period. Recently, our target markets have been expanded to include markets that are outside of our existing core markets and in states where we currently do not have existing operations, which increases the risk of executing our business strategy. Economic conditions may also reduce commercial development activity and limit the availability of attractive sites for new stores. New stores typically experience an adjustment period before sales levels and operating margins normalize, and even sales at successful newly opened stores generally do not make a significant contribution to profitability in their initial months of operation. Our ability to open and operate new stores successfully also depends on numerous other factors, some of which are beyond our control, including, among other items discussed in other risk factors, the following: our ability to control construction and development costs of new stores; our ability to manage the local, state or other regulatory approvals and permits, zoning and licensing processes in a timely manner; our ability to **recruit and** appropriately train employees and staff the stores; consumer acceptance of our stores in new markets; and our ability to manage construction delays related to the opening of a new store. Delays or failures in opening new stores, or achieving lower than expected sales in new stores, or drawing a greater than expected proportion of sales in new stores from existing stores, could materially adversely affect our business strategy and could have an adverse effect on our business and results of operations. Our expansion into new geographic markets may present increased risks due to our relative unfamiliarity with these markets. Some of our new store locations may be located in areas where we have lower market presence and, as a result, less or no meaningful business experience than in our traditional, existing markets. Those new markets may have different competitive conditions, consumer tastes and discretionary spending patterns than our traditional, existing markets, which may cause our new store locations to be less successful than restaurants in our existing markets. An additional risk of expanding into new markets is the potential for lower or lacking market awareness of our brand in those areas. Stores opened in new markets may open at lower average weekly sales volumes than stores opened in existing markets and may have higher store- level operating expense ratios than in existing markets. Sales at stores opened in new markets may take longer to reach average unit volume and margins, if at all, thereby affecting our overall profitability. The loss of key executives or difficulties...... carrying value of our individual locations. General Risk Factors General economic, business and societal conditions as well as those specific to the restaurant or retail industries that are largely out of our control may **have a material** ~~adversely~~ -- **adverse** ~~affect~~ **effect on** our business, financial condition and results of operations. Our business results depend on a number of industry- specific and general economic factors, many of which are beyond our control. These factors include consumer income, interest rates, inflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends and other matters that influence consumer confidence and spending. The full-service dining sector of the restaurant industry and the retail industry are affected by changes in national, regional and local economic conditions, seasonal fluctuation of sales volumes, consumer preferences, including changes in consumer tastes and dietary habits and the level of consumer acceptance of our restaurant concept and retail merchandise, and consumer spending patterns. Discretionary consumer spending, which is critical to our success, is influenced by general economic conditions and the availability of discretionary income. General economic conditions, including **an inflationary environment** ~~economic downturns related to the COVID- 19 pandemic~~ , geopolitical **or other macroeconomic** conditions and uncertainty about the strength ~~or pace~~ of **the** ~~economic~~ **economy may** ~~recovery have also~~ adversely ~~affected~~ -- **affect** our results of operations ~~and may continue to do so~~ . **A** ~~The current economic slowdown, a~~ protracted economic downturn, a worsening economy, increased energy prices, and rising interest rates may reduce consumer confidence and affect consumers' ability or desire to spend disposable income. **Current inflationary pressures and** ~~A deterioration in the economy or~~ other economic conditions affecting disposable consumer income, such as unemployment levels, reduced home values, investment losses ~~, inflation~~ , business conditions, fuel and other energy costs, consumer debt levels, lack of available credit, consumer confidence, interest rates, tax rates and changes in tax laws, may adversely affect our business by reducing overall consumer spending or by causing customers to reduce the frequency with which they shop and dine out or to shift their spending to our competitors or to products sold by us that are less profitable than other product choices, all of which could result in lower revenues, decreases in inventory turnover, greater markdowns on inventory, and a reduction in profitability due to lower margins. In addition, many of the factors discussed above, along with the current economic environment and the related impact on available credit, may affect us and our suppliers and other business partners, landlords, and customers in an adverse manner, including, but not limited to, reducing access to liquid funds or credit (including through the loss of one or more financial institutions that are a part of our revolving credit facility), increasing the cost of credit, limiting our ability to manage interest rate risk, increasing the risk of bankruptcy of our suppliers, landlords or counterparties to or other financial institutions involved in our revolving credit facility and our derivative and other contracts, increasing the cost of goods to us, and other adverse consequences which we are unable to fully anticipate. We also cannot predict the effects of actual or threatened armed conflicts or terrorist attacks, efforts to combat terrorism, military action against any foreign state or group located in a foreign state or heightened security requirements on the economy or consumer confidence in the United States. Any of these events could also affect consumer sentiment and confidence that in turn affect consumer spending patterns or result in increased costs for us due to security measures. Unfavorable changes in the factors described above or in other business and economic conditions affecting our customers could increase our costs, reduce traffic in some or all of our locations or impose practical limits on pricing, any of which could lower our profit margins and have a material adverse effect on our financial condition and results of operations. There can be no assurance that the economic conditions that have adversely affected the restaurant and retail industries, and the capital, credit and real estate markets generally or us in particular will remain static in ~~2023~~ **2024** , or thereafter, in which case we could experience declines in revenues and profits, and could face capital and liquidity constraints or other business challenges. Our business is somewhat seasonal and also can be affected by extreme weather conditions and natural disasters, social unrest or other catastrophic events. Historically, our highest sales and profits have occurred during the second and fourth quarters, which include the holiday shopping season and the summer vacation and travel season. Retail sales historically have been seasonally higher between Thanksgiving and Christmas. Therefore, the results of operations for any quarter or period of less than one year cannot be considered indicative of the operating results for an entire year. ~~Furthermore, we are not able to predict the impact that the COVID- 19 pandemic may have on the seasonality of our business.~~ Additionally, extreme or unseasonable weather conditions in the areas where our stores are located can adversely affect our business. For example, frequent or unusually heavy snowfall, ice storms, rain storms, floods, droughts or other extreme weather conditions over a prolonged period could make it difficult for our customers to travel to our stores and can disrupt deliveries of food and supplies to our stores and thereby reduce our sales and profitability. Similarly, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our retail inventory incompatible with those unseasonable conditions, and reduced sales from such extreme or prolonged unseasonable weather conditions could adversely affect our business. **Severe weather may disrupt our ability to receive food items, which may adversely affect the availability, quality and cost of the items we buy. In the event we increase menu prices or adjust menu offerings to offset such increases, we may experience a negative consumer response.** These risks may be exacerbated in the future as some climatologists predict that the long- term effects of climate change may result in more severe, volatile weather. In addition, natural disasters such as hurricanes, tornadoes and earthquakes, or a combination of these or other factors, could severely damage or destroy one or more of our stores, warehouses or suppliers located in the affected areas, thereby disrupting our business operations for a more extended period of time. **Other** ~~Lastly,~~ unforeseen events, such as hostile acts (including terrorist activities and public or workplace violence), social unrest or other catastrophic events, and our ability to appropriately respond and adapt to such events could negatively impact our business, results of operations and financial condition **. If our disaster recovery procedures fail, we may experience delays in recovery of data, inability to perform vital corporate functions or failures to adequately support field operations** . Our current insurance programs may expose us to unexpected costs, which could have a material adverse effect on our financial condition and results of operations. Our insurance coverage is structured to include deductibles, self-insured retentions, limits of liability, stop loss limits and similar provisions that we believe are prudent based on our operations. However, there are types of losses we may incur against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of terrorism and some natural disasters, including floods. If we incur such losses, our business could suffer. In addition, we self- insure a significant portion of expected losses under our workers' compensation, general liability and group health insurance programs. Unanticipated changes in the actuarial assumptions and management estimates underlying our reserves for these losses, including unexpected increases in medical and indemnity costs, could result in materially different amounts of expense than expected under these programs. Our annual and quarterly operating results may fluctuate significantly and could fall below the expectations of investors and securities analysts due to a number of factors, some of which are beyond our control, resulting either in volatility or a decline in the price of our securities. Our business is not static – it changes periodically as a result of many factors, including, among other items discussed in other risk factors, the following: • increases and decreases in guest traffic, average weekly sales, restaurant and retail sales and restaurant profitability; • inflationary and other market conditions that affect the costs and availability of commodities, labor, energy, fuel, transportation and other inputs necessary to operate our stores effectively in a manner consistent with our strategy ~~; • continued or increased regulations on our operations, consumer activities or social gatherings as a result of the COVID- 19 pandemic or other public health conditions~~ ; • the rate at which we open new stores, the timing of new store openings and the related high initial operating costs; • changes in advertising and promotional activities and expansion into new markets; and • impairment of long- lived assets and any loss on store closures. Our quarterly operating results and restaurant and retail sales may fluctuate as a result of any of these or other factors. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year, and restaurant and retail sales for any particular future period may decrease. In the future, operating results may fall below the expectations of securities analysts and investors. In such event, the price of our securities could fluctuate dramatically over time or could decrease generally. Our reported results can be affected adversely and unexpectedly by the implementation of new, or changes in the interpretation of existing, accounting principles or financial reporting requirements. Our financial reporting complies with the United States generally accepted accounting principles (" GAAP "), and GAAP is subject to change over time. If new rules or interpretations of existing rules require us to change our financial reporting, our reported results of operations and financial condition could be affected substantially, including requirements to restate historical financial reporting. Failure of our internal control over financial reporting could adversely affect our business and financial results. Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. The identification of a material weakness could indicate a lack of controls adequate to generate accurate financial statements that, in turn, could cause a loss of investor confidence and decline in the market price of our common stock. We cannot assure you that we will be able to timely remediate any material weaknesses that may be identified in future periods or maintain all of the controls necessary for continued compliance. Likewise, we cannot assure you that we will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies. ITEM 1B. UNRESOLVED STAFF COMMENTS